

July 8, 2025

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Lana Myatt
Senior Regulatory Analyst
Nova Scotia Power Inc.
P.O. Box 910
Halifax, NS B3J 2W5

Dear Ms. Myatt:

**M12279 – Nova Scotia Power Inc. – CI C0051136 – TUC2 HP/IP Turbine Refurbishment
– \$5,965,028 (ATO)**

The Board has reviewed NS Power Inc.'s application dated May 16, 2025, in which Board approval was requested for the following non-confidential Approval to Overspend (ATO) Work Order:

	<u>Approved Amount</u>	<u>ATO Amount</u>	<u>Revised Amount</u>
CI C0051136 TUC2 HP/IP Turbine Refurbishment	\$4,264,777	\$1,700,251	\$5,965,028

This project was originally approved by the Board in NS Power's 2024 Annual Capital Expenditure (ACE) Plan for \$4,264,777. NS Power explained that the ATO cost variance of \$1,700,251 from the 2024 ACE Plan was primarily due to additional required scope discovered after completing detailed turbine inspections. The ACE Plan estimate was made before the equipment was disassembled and formally inspected and was based on the vendor's and NS Power's prior experience with other similar projects. The increase in the estimated cost to \$5,965,028 represents a 40% increase compared to the Board-approved 2024 ACE Plan amount.

Board staff issued Information Requests (IRs) concerning this matter on June 11, 2025, to which NS Power responded on July 2, 2025. In response to Board staff IR-1, NS Power provided a breakdown of the costs related to the original and expanded scope of the project.

The Board understands that a non-destructive inspection of the Intermediate Pressure (IP) turbine rotor, using direct visual testing, was completed. This inspection focused on the outer parts of the rotor, including the rotating blades, blade shrouds, and rotor shaft. During the inspection, missing welds and steam damage were found on several blade shrouds. Because of this unexpected damage, a specialized blade repair team had to be brought in

to fix the shrouds. This extra work will cost roughly \$250,000, covering labour, equipment rentals, and additional testing.

Separately, Tufts Cove Unit 2 had been showing higher levels of air leakage, which was reducing the efficiency of the turbine. This problem had already been planned for repair during the major outage scheduled for Fall 2024. To access and fix the issue, the IP rotor had to be removed, in order for work to be done. Following the vendor's advice, the glands were tightened to reduce air leakage and improve efficiency. However, the adjustments needed to reduce vibration and ensure proper clearance ended up being more extensive than originally expected. These included removing the IP rotor again to improve its balance. This work required extra labour and contractor support, with teams working in 24-hour shifts to reduce downtime, so the unit would be available to support the power grid during the winter months. The total cost to inspect, fix the vibration issues, and remove the rotor a second time was approximately \$1.4 million.

The Board has reviewed the information provided and approves the ATO in the amount of \$1,700,251, for a total project cost of \$5,965,028.

Yours truly,



Steven M. Murphy, MBA, P.Eng.
Member



Marc Dunning, P.Eng., LL.B.
Member



NSEB APPROVAL SHEET

Project Title: TUC2 - HP/IP Turbine Refurbishment

CI Number: C0051136

Date: May 16, 2025

Expenditure Profile			Type of Filing	
Year	Budget Amount	Project Estimate	☐	Capital Project Authorization
2024	3,760,671	4,916,788	☐	Unforeseen and Unbudgeted (U&U)
2025	504,106	1,048,240	☐	Planned & Advanced (P&A)
2026			☐	Subsequent Approval Item
2027			☒	Authorization to Overspend (ATO)
2028			☐	Scope Change
Total	\$4,264,777	\$5,965,028	☐	Final Cost (FIN)

COMMENTS

Approved	\$4,264,777
Current Submission	\$5,965,028
ATO Request	\$1,700,251

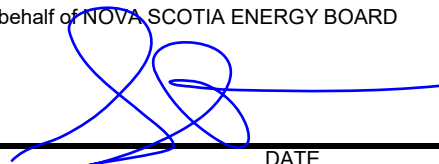
Submitted on behalf of NOVA SCOTIA POWER INCORPORATED



Authorized Signatory
Dave Pickles
Chief Operating Officer

DATE
May 15, 2025

Approved on behalf of NOVA SCOTIA ENERGY BOARD



DATE
July 8, 2025